CONFIDENTIAL

MEMORANDUM OF CONVERSATION

Pakistan
ST D-9/1

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Date: May 23, 1953

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [illegible] DATE 5/25/81
RDS ☐ or XDS ☐ EXT. DATE
E.O. AUTH. REASON(S)
ENDORSE MARKING MARKINGS ☐
DECLASSIFIED ☒ RELEASABLE ☒
RELEASE DENIED ☐
PA or FOI EXEMPTIONS

SUBJECT: Pakistan

PLACE: Office of the Minister of Finance

PARTICIPANTS: Mr. Mohammed Ali - Minister of Finance
Mr. Harold E. Stassen - MSA

At the Finance Minister's suggestion, after a few brief comments by the Secretary of State in which he indicated to the Finance Minister that he would look to Dr. S for a report and in which DMS indicated that our decisions in these economic matters would be in accordance with the foreign policy of the Secretary of State, the Finance Minister and the Director for Mutual Security conferred at the Governor General's house from 2:15 to 3:15 P. M.

There were no unusual new facets of information or views that have not been previously well known.

1. He emphasized very urgent need for wheat, and expressed a need of one million tons and a 250 million ton reserve to properly manage his economy.

2. He described the land tenure developments, with rather favorable conclusions in East Bengal and Punjab, but the difficulties in making any progress in the Sind Provinces.

3. He spoke of his foreign exchange difficulties, his sharp loss from the fall of cotton and jute prices, his extreme difficulty in holding the minimum reserves behind his currency.

4. He emphasized that revenues depended primarily on taxes on imports and exports and that he had no power of taxation over agricultural income, this being reserved for the provinces.

5. He expressed extreme interest in further industrialization and the desire of his Government to welcome private investment. He inquired whether some tax concession could be made in the United States to encourage U. S. private capital investment in underdeveloped countries such as Pakistan.

6. He confirmed that extreme economic advantage would result to both India and Pakistan if peace could be established between the two.

7. He expressed a belief in the existence of mineral deposits in Baluchistan and stated that Canadian geologists and technical assistance was being directed to a survey of that territory.

8. He

8. He reviewed the irrigation and water resources problems and plans.

9. He explained his strict import controls especially on consumer goods to maintain his minimum foreign exchange reserves and to permit some continuation of essential industrial imports and development imports.

10. He indicated the desire of his Government to have a U. S. expert as the chairman of the "Grow More Food" committee which they were organizing in Pakistan. He also expressed an interest in technical assistance for industrial and trade development to be utilized with economic assistance.

The Director for Mutual Security advised the Minister of Finance that the Secretary of State had expressed confidence that the United States would have a friendly interest in the economic success of Pakistan.

1. The Reed wheat report would likely be presented to the Congress in the near future and the results would depend upon the Congressional action.

2. In other respects, the 1954 Mutual Security Program would probably be acted upon by Congress in about two months, and within one month after that it should be possible to advise the Pakistan Government of the economic assistance program for Pakistan for the fiscal year 1954.

3. It was not possible to make commitments on either the wheat or the economic and technical assistance programs at this time.

4. The opportunity to meet and discuss these problems with the Finance Minister was appreciated.

5. The provision of the new Mutual Security Law for 1954 of a chapter for Mutual Development and Technical Progress program was explained to the Finance Minister.

6. Other questions raised by the Finance Minister would be considered in relationship to the future Mutual Security Program.